



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 25TH DAY OF APRIL, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 12121 OF 2026 (T-RES)

BETWEEN:

BANKAL SUBBEGOWDA BHARATHI,
AN INDIVIDUAL,
WIFE OF SHRI VENKATA CHALAIHAH,
AGED 70 YEARS,
HAVING OFFICE AT 2ND FLOOR NO.6,
POORNAPRAJNA SCHOOL MAIN ROAD,
M.S. RAMAIAH ENCLAVE,
BENGALURU - 560 073.

...PETITIONER

(BY SRI. PRADYUMNA HEJIB.,ADVOCATE)

AND:

1. THE COMMISSIONER OF CENTRAL TAX,
GST NORTH-WEST COMMISSIONERATE,
2ND FLOOR, SOUTH WING,
BMTC BUS STAND COMPLEX,
SHIVAJINAGAR,
BENGALURU - 560 051.
2. THE ASSISTANT COMMISSIONER OF CENTRAL TAX,
GST NWD-3 DIVISION,
BENGALURU WEST COMMISSIONERATE,
2ND FLOOR, SOUTH WING
BMTC BUS STAND COMPLEX,
SHIVAJINAGAR,
BENGALURU - 560 051.

...RESPONDENTS

(BY SRI. AKASH SHETTY., ADVOCATE)

Digitally
signed by
VIJAYA P
Location:
HIGH
COURT OF
KARNATAKA



THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO ISSUE A WRIT IN THE NATURE OF CERTIORARI OR ANY SUCH OTHER APPROPRIATE WRIT/S TO QUASH AND SET ASIDE ORDER BEARING NO.08/2025-26/COM/BNW (DIN 20250957YX0000756203) DATED 26.09.2025 PASSED BY THE FIRST RESPONDENT ANNEXURE-A.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

ORAL ORDER

Learned counsel, Sri. Akash Shetty accepts notice for the respondents.

2. The petitioner has assailed the validity of the Order-in-Original at Annexure-A. In terms of the said order, the authority has adjudicated under the provisions of the Finance Act, 1994 and raised the demand of service tax. It is to be noticed that on an earlier occasion, Order-in-Original was challenged before this Court in W.P.No.9265/2024 and this Court disposed of the said writ petition along with other writ petitions by order dated 16.07.2024. In terms of directions passed, matter was



relegated before the authority with liberty to the petitioners to file additional replies. There were certain observations made relying on order passed in W.P.No.11154/2023, in light of which, the exercise of adjudication was directed to be redone. The observations made in the aforesaid order at para-3 onwards till para-5 are extracted below for reference:

"3. The observations made in the order dated 03.07.2024 passed in W.P.No.11154/2023 and connected petitions, reads as follows:-

"These petitions have been filed calling in question the action of the respondent Department in issuing show-cause notice or having passed the orders-in-original relating to demand sought to be raised under the provisions of the Finance Act, 1994 relating to service tax liability.

2. In all these matters, the proceedings by way of show-cause notice under the Finance Act for service tax liability have been initiated on the basis of inputs received from the Central Board of Direct Taxes on the basis of Form 26AS/Income Tax returns filed.

3. The details of the writ petitions and the stages are as follows:

Challenge to Show-cause Notice	Challenge to Orders-in-Original
Column No.1	Column No.2
WP No.16891/2022	WP No.12840/2023
WP No.13445/2023	WP No.15832/2022
WP No.15959/2021	WP No.3318/2023



WP No.24822/2022	WP No.14425/2022
WP No.8514/2023	WP No.15018/2022
	WP No.24650/2022
	WP No.12906/2023
	WP No.22063/2022
	WP No.19792/2022
	WP No.25156/2022
	WP No.5896/2023
	WP No.17407/2023
	WP No.11154/2023
	WP No.9765/2022
	WP No.17591/2022
	WP No.1754/2023
	WP No.8858/2023
	WP No.16501/2023
	WP No.7071/2023
	WP No.9906/2023
	WP No.8409/2023
	WP No.8184/2023
	WP No.16170/2022
	WP No.1198/2024
	WP No.14092/2023
	WP No.341/2023
	WP No.274/2023
	WP No.12003/2022
	WP No.13813/2022
	WP No.7829/2023
	WP No.20282/2022
	WP No.19000/2022
	WP No.8336/2023
	WP No.10238/2023
	WP No.6756/2024

4. After having heard the matters on various occasions, the Union of India have taken a stand and filed affidavit of the Principal Commissioner, Central Taxes.

5. Sri.N.Venkataraman, learned Additional Solicitor General who was present before the court on 27.06.2024 had submitted that they desire that the matters be resolved and accordingly have putforth a proposed mechanism and made certain



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suggestions in the affidavit filed. The relevant extract of the affidavit filed by the Principal Commissioner of Central Tax, presently holding charge of Bengaluru West and additional charge of Bengaluru East Commissionerate reads as hereunder:

"I, Kiran Verma, working as Principal Commissioner of Central Tax, presently holding charge of Bengaluru West and additional charge of Bengaluru East Commissionerate, Bengaluru do hereby solemnly affirm and state on oath as follows:

I am working as Principal Commissioner of Central Tax, Bengaluru West and holding additional charge of Bengaluru East Commissionerate, Bengaluru -560071. I am the concerned person in the above Writ Petition. I am fully conversant with the facts of the case. I am authorized to swear to this affidavit.

1. I submit that in the above batch of cases, the dispute is regarding the Issuance of the Show Cause Notice and demand of Service Tax made on the basis of information provided by CBDT (Central Board of Direct Taxes) as per the assessee's Income Tax returns. The Service Tax Levy is on the taxable services provided by one person or Entity to another, in terms of the provisions contained in the Finance Act, 1994 and the rules made thereunder.

2. I submit in these batch of Writ Petitions, there are cases pertaining to various categories of Services. It is submitted that a Memorandum of understanding was signed between the Central Board of Direct Taxes and the Central Board of Indirect Taxes & Customs on 21.07.2020 for the data exchange between the two Departments. This Memorandum of Understanding was signed for regular exchange of data which would help both the departments to keep a track on the tax evasion, which have not been reported under the Law.



3. I submit that all the petitioners have averred that the Show Cause Notices (SCN) were issued without the application of mind and further that the department has not verified the books of account and only on presumption have issued these Show Cause Notices. This averment of the petitioner is denied as false, as the department has taken utmost care by applying its mind and by examining the data received from the CBDT.

4. I submit that, Section 66B Finance Act, 1994 is the charging Section and Service is defined in Section 65B(44) and taxable Service is defined in Section 65B(51). The assessee is mandated to get the registration and secure compliance of the obligations placed on him by the Act which is prescribed in Chapter V of the Finance Act, 1994 (hereinafter called "the Act") read with the Service Tax Rules, 1994, the CENVAT Credit Rules, 2004, the Place of Provision of Services Rules, 2012, the Point of Taxation Rules, 2011, and the Service Tax (Determination of Value) Rules, 2006. In terms of Section 70 of the Finance Act, 1994, the petitioner is obligated to self-assess their liability and discharge the applicable tax as per the statutory provisions and the entire burden of compliance to statutory provisions is on the assessee themselves. As per the Act, the Show Cause Notice were issued in-terms of Section 73(1) of the Finance Act, 1994, as the services rendered by the assesses appeared to be classifiable as taxable service in terms of Section 65B(44) read with section 66B of the Finance Act, 1994.

5. I submit that the department received a total number of 49,665 cases from the CBDT and after receipt of the data the department has verified the same. After preliminary verification, the department initially filtered the cases and where there was no component of Service Tax dropped 21,549 such cases after detailed verification. Thereafter the department issued Show Cause Notices to the Assessee in the remaining 28,116 cases and called for clarification/explanation. The adjudicating authority during the course of



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adjudication, after providing a hearing opportunity to the notice, dropped the show cause notices in about 8,816 cases wherever the Service tax component was not found. The adjudicating Authority after providing reasonable opportunity and hearing opportunities proceeded to confirm the show cause notice by way of an Order-In-Original in a total number of 19,300 cases by following the due process of law and following the principles of natural justice. The department in further course of action has also recovered the Service Tax in 587 cases where the service Tax component was confirmed during the adjudication.

6. I state that there is no prohibition under the provisions of the Finance Act 1994 or under the Service tax Rules to rely upon the third party information that is furnished by the IT department. The information need not be confined only in respect of information provided by the assessee. The object of sharing the data by the C.B.D.T to C.B.E.C (Now C.B.I.C) is to keep track of the statutory compliances by various categories of assessee. Hence there is no irregularity or illegality in relying upon the data obtained from the Income Tax department.

7. I state that the provisions of the Finance Act 1994 or Service Tax Rules do not contemplate any enquiry before issuing a show cause notice. No such procedure is contemplated either under the act or rules. The only preliminary enquiry to be undertaken was to examine the data obtained from the C.B.D.T, issue of intimations/ letters calling upon the assessee's to furnish their documents which are necessary to determine as to whether the assessee had provided taxable service and whether the activity of the assessee falls under the category of the taxable service or non-taxable service.

8. I further submit that, in many of the writ petitions the assessee's did not respond to the letters issued by the department seeking documents/information/clarifications. In spite of several reminders there was no response from the



assesses. Hence, the department in absence of any other option, issued the Show Cause Notices on the address provided by the CBDT(address as in PAN/ITR).These show cause notices were issued keeping in mind the statutory time lines. In some cases, even after the issuance of Show Cause Notices, the assessee did not render their reply or failed to produce any document/clarifications.

9. Therefore, in the absence of any clarifications or documents by the assessee, decisions were taken based on available information and the Order-In-Original were passed. No Show Cause Notices were issued by the department where the clarifications with requisite documents were provided in time. Therefore, the allegations of non-application of mind etc. are factually untenable and cannot be sustained. The following consolidated data is submitted to support the above contention: -

Table-1

BANGALORE ZONE - DATA						
01	02	03	04	05	06	07
Com missi onera te's	No. of cases received from CBDT	No. of cases dropped prior to issuance of SCN	No. of cases where SCNs were issued	No.of Cases where SCNs were dropped	No. of cases where SCNs were Confirmed	No. of cases where demand is recovered
Bangalore East	11,113	6,387	4,726	801	3,925	310
Bangalore North West	4,355	1,465	2,890	952	1,938	44
Bangalore South	12,120	4,447	7,673	2,340	5,333	99
Mangalore	3,632	2,847	785	490	295	-
Bangalore North	5,564	1,928	3,636	1,629	2,007	9
Mysore	2,703	843	1,860	441	1,419	32
Belagavi	5,842	2,549	3,293	864	2,429	58
Bangalore	4,336	1,083	3,253	1,299	1,954	35



West						
Total	49,665	21,549	28,116	8,816	19,300	587

Summary of the same is produced below:

Table-2

Sl No.		Number of Cases	Percentage
(i)	Number of references received from CBDT	49,665	100%
(ii)	Dropped before issuance of Show Cause Notice	21,549	43%
(iii)	Dropped after Show Cause Notice issued and adjudicated.	8,816	18%
(iv)	No. of cases confirmed after Show Cause Notice issued and adjudicated.	19,300	39%
(v)	No. of assesses who agreed to the department's contention and paid the tax liability to the exchequer before/after the issuance of the Show Cause Notice.	587	

Out of the 49,665 references received from CBDT a major portion i.e. 61% demands have been dropped and only 39% of the cases have been confirmed which shows that quasi-judicial authorities have taken independent decisions on merit. Where ever the demands were confirmed the aggrieved party have an appellate remedy under the Law.

10. I submit that when 587 assesseees have complied with the law & paid up the taxes confirmed, grant of any relief to the present petitioners will put the compliant taxpayers into a disadvantageous position. Therefore, it is submitted that the quasi-judicial authority has taken independent decisions based on facts & law. When



department has acted upon CBDT data to examine tax compliance all over the country, granting any relief to the petitioners in Karnataka alone will amount to disadvantage to the tax payers who have complied with the law.

11. I therefore submit that this Hon'ble High Court may direct the petitioners to appear before the quasi-judicial authorities as the petitions are premature and a robust appellate remedy is provided by the Law.

12. I submit that the contents stated above are as per records and correct to the best of my knowledge, information and belief which I believe to be true".

6. Learned Senior Counsel Sri.V.Raghuraman has also filed a note in response to the proposal and the same is taken on record.

7. After hearing both sides and though certain issues were raised, however both sides eventually have made a submission that the Court can take note of the affidavit and pass appropriate orders.

8. Upon suggestion of the court, learned Additional Solicitor General has responded positively and has stated that a team of Officers who are competent to pass orders without reference to the territorial jurisdiction would be constituted and from amongst such team of officers designation would be made and cases allotted in order to pass necessary orders from the stage of post show-cause notice which would be done within a period of three months.

9. Needless to state, a bare perusal of all the petitions reveals that the petitioners have raised various contentions which are required to be referred back for consideration by the appropriate authorities so that officers concerned may take note of the same while disposing off the petitions at the stage of post show-cause notice.



10. *The officers while disposing off the petitions to keep in mind the following:*

- 1) *Whether petitioners do not qualify under Section 65B(44) of the Finance Act, 1994 ?*
- 2) *Whether services are covered under negative list ?*
- 3) *Whether services are covered under the exemption list under the Notification No.25/2012-ST dated 28.06.2012 or under any other applicable Notifications?*
- 4) *Whether the person is liable to remit service tax in terms of Rule 2 (1) (d) read with applicable notification?*
- 5) *Whether claims are barred by limitation in terms of the law laid down by the Apex Court?*

11. *It is also clarified that disposal of present petitions must not be construed as having adjudicated any of the contentions including jurisdiction. All contentions of both sides on merits are kept open.*

12. *Needless to state, upon conclusion of proceedings, if any of the petitioners are still aggrieved, legal remedies are kept open. It is also clarified that wherever, replies to show-cause notice have not been made out, the same may be filed upon matter being relegated as noticed above.*

13. *Accordingly, the following:*

ORDER

In light of observations made above, the writ petitions relating to challenge to show-cause notice, such matters will stand relegated to the officers to be designated in terms of the observations made in para 8 above, at the same stage. Accordingly, such of the petitions at Sl.No.1 to 5 in Column No.1 of the table relating to challenge to show-cause notice are disposed off.

Insofar as such writ petitions as detailed in Column 2 of the table relating to challenge to Orders-in-Original, in light of the discussion made above, the Orders-in-Original stand set aside and the matters are relegated to the Officers to be designated to be reconsidered from the stage of show-cause notice. Accordingly, such of the petitions at Sl.No.1 to 35 in



Column No.2 of the table relating to challenge to Orders-in-Original are disposed off.

The petitioners who are now relegated before the authorities concerned are at liberty to file their pleadings within a reasonable time as may be fixed by the Officers concerned. Wherever the matters are pending in appeal in light of the arrangement that is made, petitioners to file a memo for withdrawal of appeal and accordingly, the orders-in-original in question would also receive the same treatment, i.e. be set aside as per the directions made above.

Wherever demands have been made pursuant to the impugned orders, such proceedings are also set aside."

4. The details of Writ Petitions and stages are as follows:-

Sl. No.	Writ Petition Number	Stage of proceedings (Show cause/order-in-original/appeal proceedings pending/order in appeal)
1	28217/2023	Order-in-original
2	3558/2023	Order-in-original
3	11671/2023	Order-in-original
4	11807/2023	Order-in-original
5	13060/2023	Order-in-original
6	15456/2023	Order-in-original
7	15684/2023	Order-in-appeal/Order-in-original
8	18450/2023	Order-in-original
9	19005/2023	Order-in-original
10	19635/2023	Order-in-original/Order-in-appeal
11	21265/2023	Order-in-original
12	25198/2023	Order-in-original
13	27125/2023	Order-in-original
14	690/2024	Order-in-original
15	871/2024	Order-in-original



16	1938/2024	Order-in-original
17	2800/2024	Order-in-original
18	9265/2024	Order-in-original
19	9962/2024	Order in appeal/order-in-original

5. *In light of the observations made above, the writ petitions relating to challenge to show-cause notice, such matters will stand relegated to the Officers to be designated in terms of the observations made in para-8 above, at the same stage. Accordingly, such of the writ petitions relating to challenge to show-cause notice are **disposed off**. The reconsideration must be made with reference to the issues raised in para-10 of W.P.No.11154/2023 and connected writ petitions extracted supra."*

3. It is the case of the petitioner that upon demand, the petitioner has made out a case that the transactions involved providing of transportation services and insofar as such services, liability was on the recipient in terms of notification No.30/12-S.T. dated 20.06.2012. It is further submitted that though the authority has referred to the detailed documents at para-17.2 in the form of a table as well as documents listed in para-17.3 by way of a



table which specifically indicate transportation of goods and invoices also having been produced, the authority without applying its mind has reiterated the demand.

4. Perused the impugned order. The authority at para-17.2 has referred to the contention of the petitioner that the liability was to be satisfied by the person who avails of the service after referring to notification No.30/2012. However, the order does not record any finding regarding such contention. Though the authority has noticed the assertion of the petitioner as having offered transportation services and the documents produced, reason for disbelieving the assertion of the petitioner regarding services offered being related to transportation of goods, is not forthcoming.

5. Accordingly, the counsel for petitioner submits that they would once again appear before the authority and substantiate the transactions as relating to services of transport with reference to the documents already produced.



6. In light of said submission, the order at Annexure-A is set aside. Matter is remitted for fresh consideration. The authority to reconsider the matter after taking note of the observations made herein, as also the observations at para-3 in W.P.No.9265/2024 extracted above. All contentions on merits are kept open.

7. Petitioner to appear before respondent No.1 without further notice on 08.06.2026. Needless to state, the contention of the petitioner that the demand relating to the period of April-2015 to September-2015 is asserted to be time barred, is an aspect to be considered, as petitioner submits that demand is being raised beyond 5 years.

Accordingly, petition is ***disposed of***.

SD/-
(S SUNIL DUTT YADAV)
JUDGE